



Purchasing Strategies

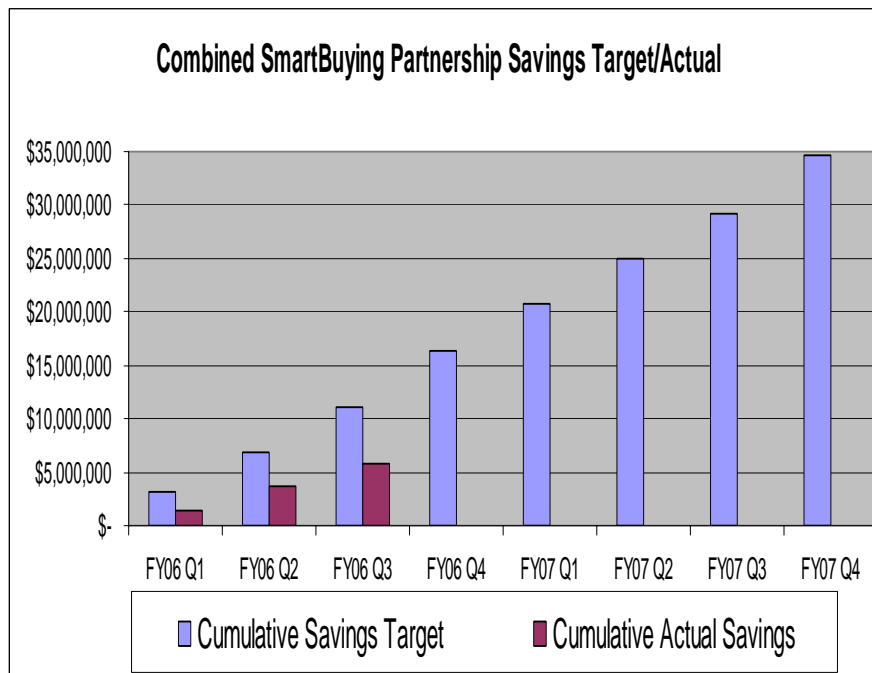
"SmartBuying Partnership"

General Administration (GA)
Department of Information Services (DIS)
Department of Printing (PRT)
Office of Financial Management (OFM)
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Linda Villegas Bremer, Gary Robinson, Pam Derkacht, Victor Moore



Combined SmartBuying Status



Analysis

- Realized Savings are \$5.7M (all funds); Biennialized = \$15.2M
- General-Fund specific data not readily available

Actions

- Savings for new contracts implemented since March will be reflected in FY06 4th quarter report
- Urgently pursue more opportunities
- Partners will work closely with agencies to address implications of target shortfalls



Progress: Statewide Purchasing Strategies & Practices

- Agencies are using master contracts; savings are accumulating; new opportunities identified.
- FY06 Target: \$3.368M GF-S; FY07 Target = \$18.834M
- FY06 3Q Actual: \$5.7M All Funds (Avg. \$1.9M per quarter)
- Strategic alliance among GA, DIS, OFM, PRT growing stronger; jointly considering statewide policy decisions.
- Collaborating on standards with customer agencies, DIS Computer contract shows greater results in contract usage & savings.
- New contracts support additional savings potential: Bulk fuel, office supplies, print assessment services, digital printing services, desktop printers, interpreter services.



Overall Benefits of Standardized “SmartBuying” Computers Statewide Purchasing Strategies & Practices

1. Lower purchase price is only one aspect of savings. Agencies gain a lower “total cost of ownership” through efficient purchasing, training, and support.
2. Purchasing is simplified for agencies - they participate in developing the standards but don’t need to create specialized contracts.
3. Manufacturers save by producing standard machines in volume rather than custom machines.
4. School districts benefit because standard machines are easier to administer through the “Computers 4 Kids” program.



Challenges: Statewide Purchasing Strategies & Practices

- Ramp-up time did not account for contract delays.
- Issues with vendor/small-business communities were underestimated.
- The savings targets were set prior to having capacity.
- Established procedures within agencies and staff effort associated with changing suppliers are challenges.
- Existing financial systems make it difficult to quantify General Fund savings; total all funds is achievable.
- Agency-by-agency savings reports need refinement.



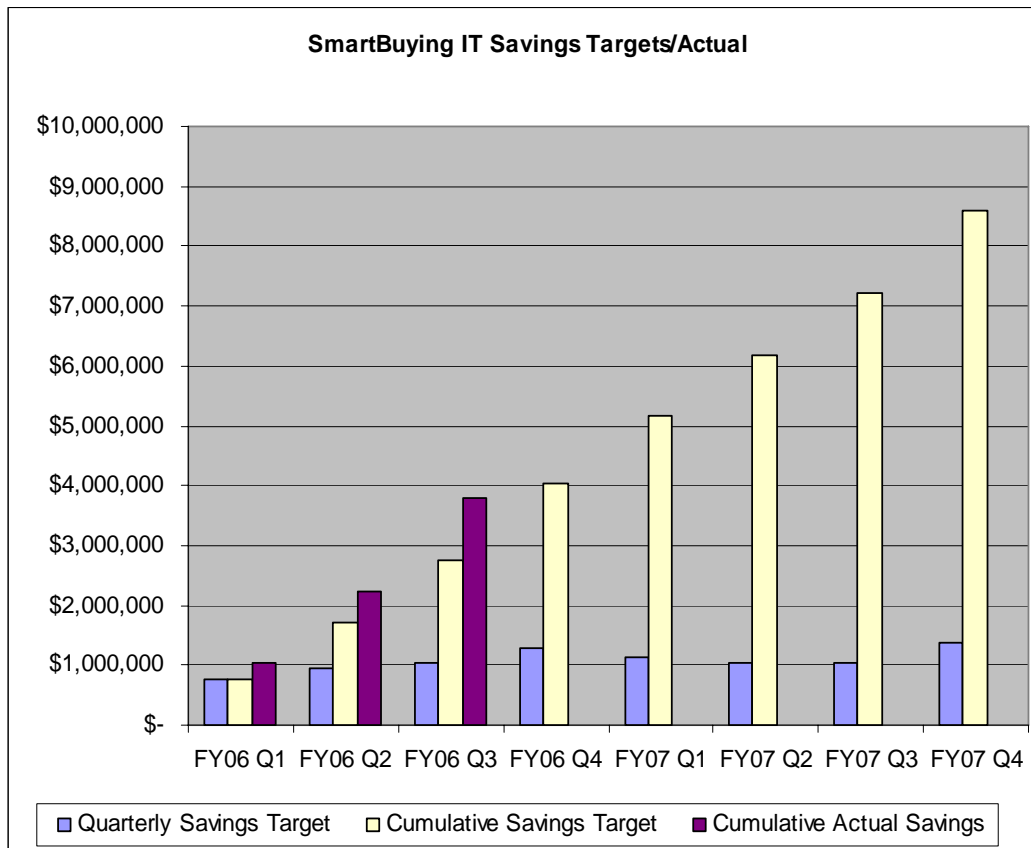
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Status of SmartBuying Solutions and Category Savings

Contracts	Central Agency	'05-'07 Agency Savings Potential	Status	3rd Qtr FY 06 Savings	Cumulative All Funds
* IT Hardware and Software	DIS	\$ 8,500,000	In place	\$1,575,711	\$3,794,347
* Reduce color copy prices in copy centers	Printer	\$ 330,000	In place	\$88,718	\$204,806
* Reduce standard envelope prices	Printer	\$ 532,000	In place	\$34,960	\$132,181
Print Management Service (ECY)	Printer	\$ 250,000	In place	\$44,809	\$69,809
Vehicles	GA	\$ 200,000	In place	\$18,375	\$66,150
Rental cars	GA	\$ 800,000	In place	\$102,511	\$337,495
Gloves	GA	\$ 300,000	In place	\$10,613	\$117,314
Fasteners	GA	\$ 200,000	In place	\$42,449	\$145,679
Lamp & Ballast	GA	\$ 100,000	In place	\$55,287	\$76,079
Other GA Contracts	GA	\$ 200,000	In place	\$26,529	\$802,142
* Office Supplies (First Savings Rpt Q4)	GA	\$ 7,800,000	In place	1 st report Q4	1 st report Q4
* Office Leases	GA	\$1,000,000	In place	1 st report Q4	1 st report Q4
* Fuel (First Savings Report Q4)	GA	\$1,100,000	In place	1 st report Q4	1 st report Q4
Legal Data Services	GA	\$70,000	Completed: no measurable savings		\$0
* Office Equipment (delayed)	GA	\$3,000,000	Available 2/07	\$0	\$0
* IT Professional Services (delayed)	GA	\$10,200,000	Available 5/07	\$0	\$0
Totals		\$35,000,000		\$1,999,962	\$5,746,002



DIS Contracts Status



Analysis

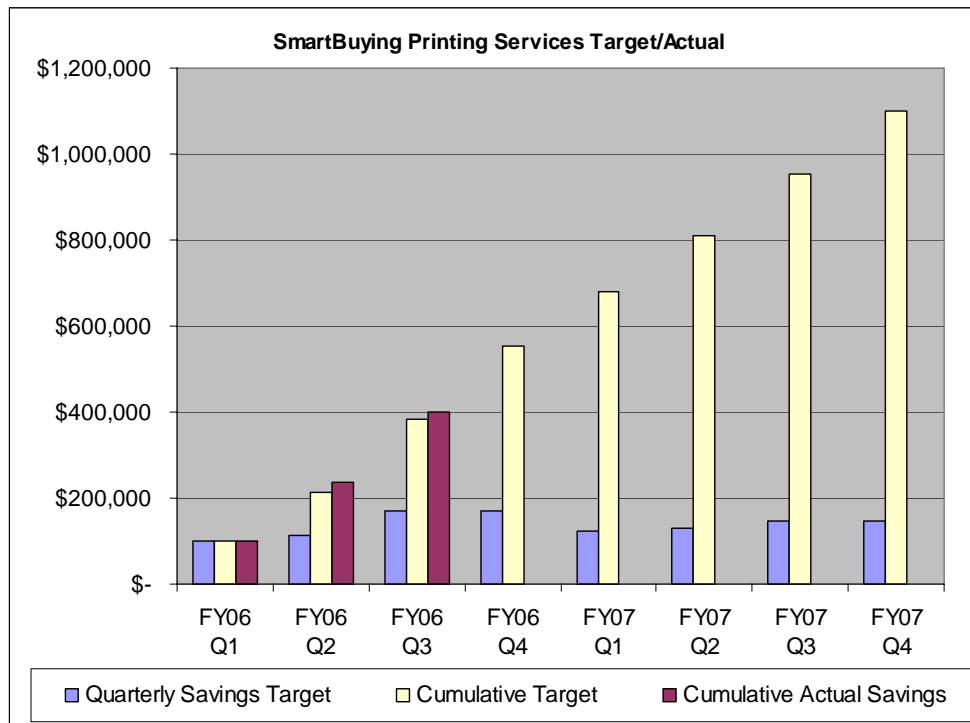
- Cumulative savings of \$3.8 million (all funds) exceeds target by \$1.0 million.
- Personal computer purchases account for 87% of savings.

Action

- DIS continues to promote standard PC configurations.
- DIS working with agencies to use new contracts for desktop printers as part of SmartBuying strategies.



Printing Services Status



Analysis

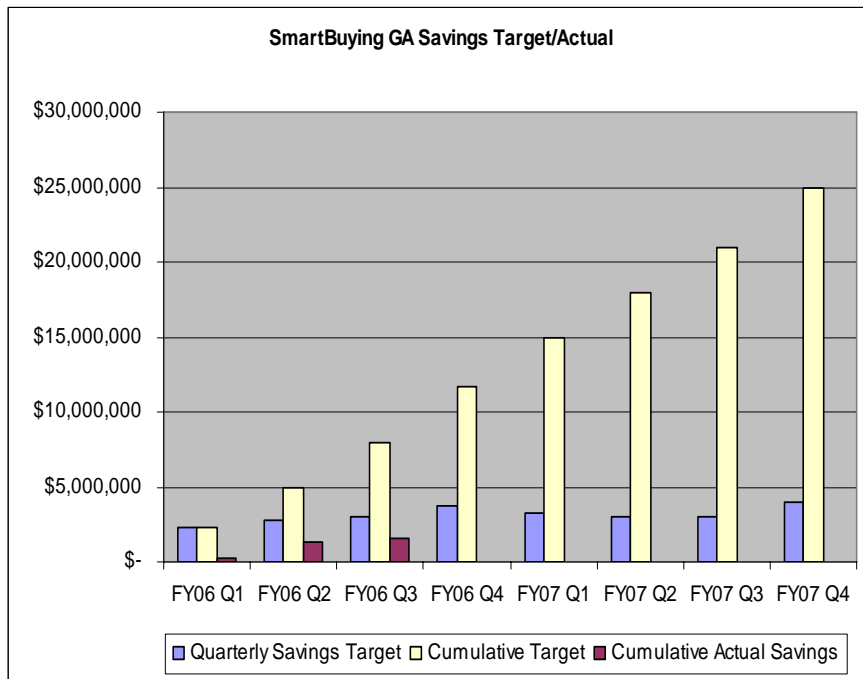
- Cumulative savings of \$336,987 (all funds) in keeping with target.
- State also achieving positive changes to purchasing practices.
- Wide use by Agencies and Higher Ed institutions.

Actions

- State Printer continues to promote SmartBuying opportunities and print management
- State Printer creating additional standardized products



GA Contracts Status



Analysis

- Cumulative savings of \$1.5 million (all funds) short of target.
- Office Supply contract - March.
- Fuel contract - May
- Re-bids for Copiers and Technology Services behind schedule - delaying savings.

Actions

- Agencies working with GA to identify savings in food & pharmaceuticals.
- Issue RFP for copiers in September; IT Services in December.
- Work with 4-year and technical colleges to find savings through their contracts.



Actions/next steps

- Work with agencies to use new contracts for:
 - Desktop printers (DIS)
 - Office Supplies (GA)
 - Print Assessment and Digital Printing Services (PRT)
- Pharmaceuticals: Continue with initiative begun in August to optimize discounts available on current contract and audit invoices to assure discounts are applied properly
- Purchasing teams for Food and Information Technology Professional Services underway
- Step up work with agencies on adding new “tools” to savings opportunities, e.g., warehousing and new leases, to counter target shortfalls, contract delays
- Identify new opportunities to use existing education contracts where possible